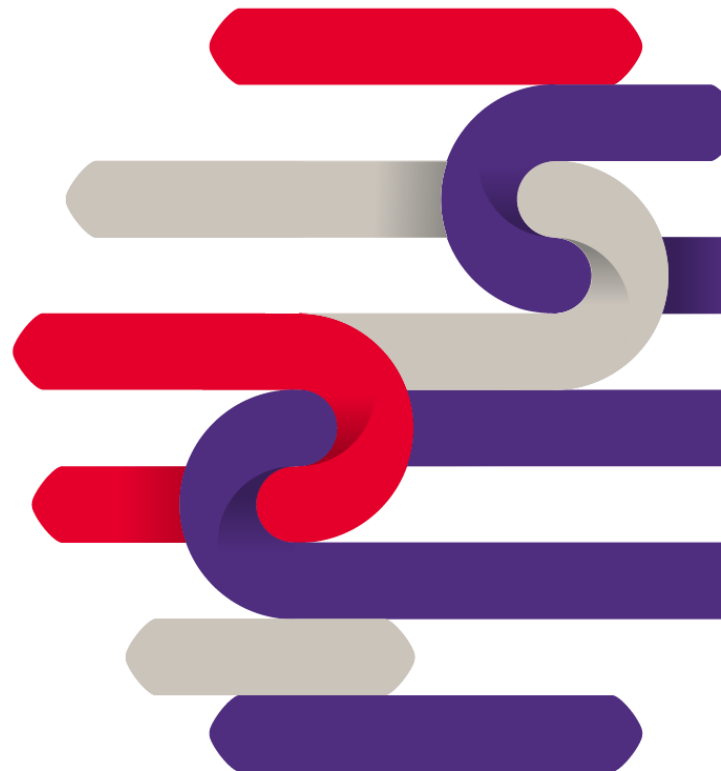


# Dealtracker

Providing M&A and PE deal insights

August 2022

Volume 18.8



# Disclaimer

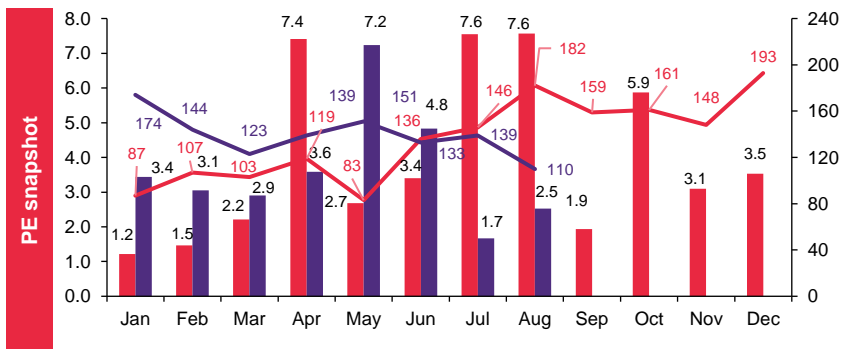
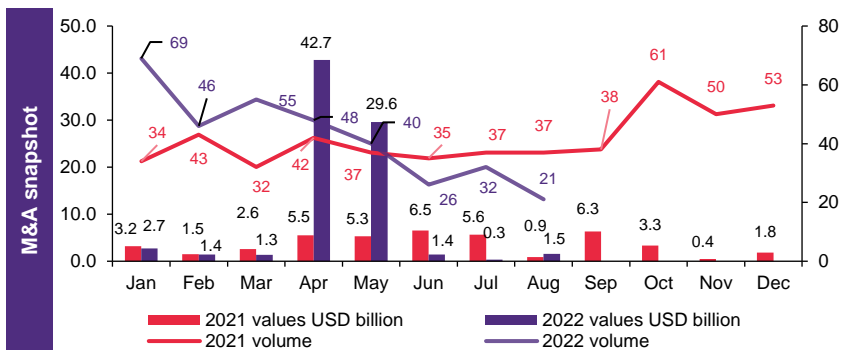
This document captures the list of deals closed and announced based on the information available in the public domain. Our analysis in the document is basis appropriate assumptions where necessary. For example, deals have been classified by sectors and by the funding stage they are on based on certain assumptions. If different assumptions were to be applied, the outcomes and observations would be different. Hence, the document should not be relied upon as a substitute for relevant and detailed advice. Grant Thornton Bharat LLP does not take any responsibility for the information, any errors or any decision and any loss thereof incurred by the reader as a result of relying on the document.

Please note that the criteria used to define Indian start-ups include: a) The company should have been incorporated for five years or less than five years as at the end of that particular year and b) The company is working towards innovation and development of new products, processes or services driven by technology or intellectual property. Deals have been classified by sectors and by funding stages based on certain assumptions, wherever necessary.

## Author

**Monica Kothari**

# Deal snapshot



The Indian economy expanded at the fastest pace this year in August, supported by the RBI's increased focus on taming inflation fueled by consumption. India has overtaken the UK to become the fifth-largest economy in the world and its position is expected to improve in the years to come due to economic growth.

August 2022 recorded 131 deals valued at USD 4.1 billion. This was 40% lower in terms of deal volume compared with August 2021 and 52% lower in value (partly due to the non-disclosure of values in most M&A deals). The downtrend in deal activity appears to be due to the cautious approach of buyers and investors in committing large capital, given the global macroeconomic scenario and capital market conditions. Hence, the absence of large ticket transactions. The deal activity is instead dominated by the early-stage companies, where the ticket sizes are low.

Mergers and acquisitions (M&A) deal activity declined compared to both, July 2022 and August 2021 and deal values, on the other hand, amounted to USD 1.5 billion (79% increase over August 2021), driven by JSW Energy's acquisition of 1.75 GW renewable portfolio of Mytrah Energy for USD 1.3 billion. M&A deal activity, which is dominated by domestic consolidations, saw a 43% drop over August 2021 recording 21 deals. This was also the lowest monthly volume witnessed in the last 22 months. Owing to this, the overall M&A volumes were the lowest monthly figure recorded to date after 17 deals witnessed in April and May 2020 (owing to COVID-19).

Private equity (PE) transactions recorded 110 deals with a fund inflow of USD 2.5 billion and continued to account for over 84% of overall deal activity and 62% of deal values for the month. However, both the volumes and values witnessed a significant decline compared to August 2021 which saw record monthly values and second highest volumes driven by 18 high-value investments of USD 100 million each.

Start-up, e-commerce and IT sectors reign supreme for the month, while energy and banking sectors dominated the overall value, recording a one-billion-dollar plus deal each. The month witnessed logistics platform Shiprocket enter the unicorn club and Physics Wallah's debut acquisition after turning unicorn.

**Shanthi Vijetha**  
Partner, Growth  
Grant Thornton Bharat

# Steep decline in deal activity

	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
	Domestic	21	26	16	650	673	1,523		
Cross-border	9	11	5	258	194	25			
<b>Total M&amp;A</b>	<b>30</b>	<b>37</b>	<b>↓ 43%</b> 21	<b>908</b>	<b>867</b>	<b>↑ 79%</b> 1,548			
PE	64	182	↓ 40%	561	7,572	↓ 67%			
<b>Grand total</b>	<b>94</b>	<b>219</b>	<b>↓ 40%</b> 131	<b>1,469</b>	<b>8,439</b>	<b>↓ 52%</b> 4,076			
<b>Cross-border includes</b>									
Inbound	4	4	3	216	122	15			
Outbound	5	7	2	42	72	10			

	Deal summary			Volume			Value (USD million)		
	2020	2021	2022	2020	2021	2022	2020	2021	2022
	Domestic	132	222	260	8,885	17,968	65,371		
Cross-border	91	75	77	18,826	13,036	15,667			
<b>Total M&amp;A</b>	<b>223</b>	<b>297</b>	<b>↑ 13%</b> 337	<b>27,712</b>	<b>31,004</b>	<b>↑ 161%</b> 81,037			
PE	578	963	↑ 16%	21,917	33,515	↓ 13%			
<b>Grand total</b>	<b>801</b>	<b>1,260</b>	<b>↑ 15%</b> 1,450	<b>49,629</b>	<b>64,519</b>	<b>↑ 71%</b> 1,10,294			
<b>Cross-border includes</b>									
Inbound	40	33	40	16,493	6,120	1,730			
Outbound	51	42	37	2,334	6,916	13,937			

## Fall in the number of large transactions and a steep decline in deal volumes

- India Inc recorded 131 deals worth only USD 4.1 billion in August 2022, a significant 40% fall in deal volumes, while values fell by more than half compared to August 2021. The drop in the deal values was due to the absence of big-ticket transactions. While August 2021 recorded 21 deals valued at over USD 100 million in addition to a USD 1 billion-plus deal, August 2022 saw only two such deals as a result of which the overall average deal size also reduced to USD 31 million.
- When compared with July 2022, while the deal volumes witnessed a 23% decline, the values more than doubled owing to two deals valued over USD 1 billion as July 2022 did not witness such deals.
- M&A deals witnessed a contrasting trend during the month. While the volume saw a significant downtrend, deal values were up by 79% owing to the JSW Energy and Mytrah Energy deal (USD 1.3 billion). Barring this deal, the deal values declined by 73%. M&A deal volumes at 21 marked the second lowest monthly volume recorded since 2011. In line with previous months, M&A activity was dominated by domestic consolidations, which constituted more than three-fourths of M&A volumes and 98% of values.
- PE investment witnessed a downtrend both in terms of deal values and volumes over August 2021. Deal volumes at 110 were the lowest monthly number recorded since May 2021. The decline in PE funding was largely due to the absence of large investments. While August 2021 recorded 18 high-value investments, August 2022 saw only four such investments, thereby witnessing a 67% fall over August 2021.

## YTD 2022: Record deal values with a strong 15% increase in deal volumes

- YTD 2022 witnessed a 15% increase in deal volumes with values nearly doubling to USD 110 billion. While PE deal volumes contributed to the overall increase in deal volumes, deal values were driven by billion-dollar M&A deals. YTD M&A deal volumes witnessed the highest volumes since 2015 and record YTD values. While YTD PE investments witnessed record volumes, investment values recorded a 13% decline due to reduced big-ticket investments ranging between USD 100 and USD 999 million.
- YTD 2022 recorded 19 initial public offerings (IPO) with an issue size of USD 6.2 billion (second highest YTD value), compared to 38 IPO issues, raising USD 9.7 billion in YTD 2021. Qualified institutional placement (QIP), on the other hand, saw nine issues raising USD 933 million (the lowest values raised since YTD 2015) compared to 27 issues raising USD 5.2 billion over YTD 2021. Both IPO and QIP activities continued witnessing a fall in fund-raising via respective routes over the last year.

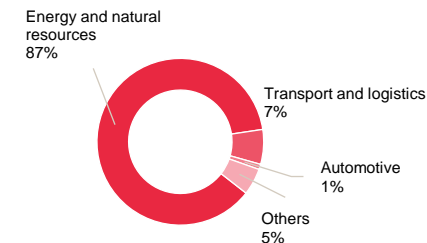
# M&A: Start-up and IT sectors continued to lead volumes, energy sector witnessed a billion-dollar deal

Key sectors		
Notable sectors	Volume	USD million
IT and ITeS	3	15
Start-up	3	15
Energy and natural resources	2	1,348
Retail and consumer	2	10
Automotive	2	16

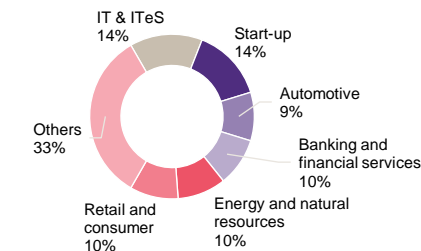
- With 14% of M&A deal volumes each, the start-up and IT sectors continued to dominate the M&A deal activity with three deals each cumulatively valued at USD 30 million. This marked the lowest monthly volumes for both sectors since 2015. Edtech and software development segments dominated the sector deals, respectively. Edtech also witnessed Physics Wallah's debut acquisition after turning unicorn in June 2022.
- Driven by JSW Energy's largest acquisition of Mytrah Energy (India) Private Limited - 1.75 GW of renewable portfolio for USD 1.3 billion, the energy sector led the deal volumes for the month. This is not only the largest deal by JSW but also the largest deal in the energy sector since January 2021.
- The transport and logistics sector also witnessed one high-value deal of USD 104 million with Adani Logistics' acquisition of Navkar Corporation Limited's inland container depot (ICD) with a capacity to handle 0.5 million TEU (twenty-foot equivalent unit) containers, in line with the strategy to build integrated transport utility and pan-India logistics infrastructure.
- Compared with August 2021, the majority of sectors including e-commerce, education, energy, infra, IT, manufacturing, media, pharma and start-up saw declined deal activity. On the other hand, only the automotive and retail sectors witnessed heightened deal activity in the same period.

Top M&A deals of the month					
Acquirer	Target	Sector	USD million	Deal type	% stake
JSW Energy Ltd - JSW Neo Energy	Mytrah Energy (India) Private Limited- 1.75 GW of renewable portfolio	Energy and natural resources	1,316	Acquisition	100%
Adani Logistics Ltd	Navkar Corporation Ltd- inland container depot (ICD)	Transport and logistics	104	Acquisition	100%
India Grid Trust	Raichur Sholapur Transmission Company Private Limited	Energy and natural resources	31	Acquisition	100%
TVS Motor Company Ltd	NKars Mobility Millennial Solutions Private Limited- DriveX	Automotive	11	Strategic Stake	48%

## Top sectors based on deal value



## Top sectors based on deal volume



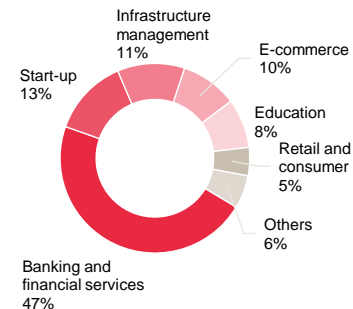
# PE: While start-ups and e-commerce dominated volumes, banking sector drove values

Key sectors		
Notable sectors	Volume	USD million
Start-up	70	336
E-commerce	15	245
IT and ITeS	5	44
Pharma, healthcare and biotech	5	64
Education	3	212

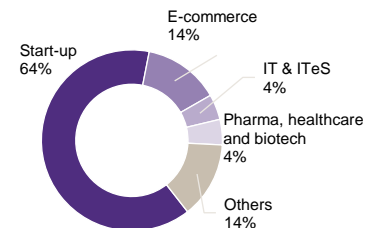
- The start-up sector continued to drive the PE deal volumes for August 2022 with a 64% share of PE volumes and investment values of USD 0.3 billion. The retail tech segment led the investment volumes in the start-up sector with 24% deals, followed by fintech with 16% sector volumes.
- With USD 33.5 million series E2 funding, Shiprocket, an automated shipping tool for e-commerce became the latest entrant in the much-coveted unicorn club. The e-commerce sector also remained active, witnessing 15 investments during the month including EarlySalary's USD 110 million funding round.
- Driven by Axis Bank's USD 1.1 billion fundraise for a 20% stake, the banking and financial services sector led the PE investment values. This deal alone represented 44% of the overall PE deal values for the month and is among the top five PE deals for YTD 2022.
- Apart from banking and e-commerce, the month also witnessed high-value investments of above USD 100 million in the infra (roadways) and education (online education) sectors, together contributing to 20% of PE deal values for the month.
- IT (dominated by software development segment) and pharma (dominated by hospitals and medical devices segment) sectors remained active during the month with 8% of PE volumes.

Top PE deals of the month				
Investor	Investee	Sector	USD mn	% stake
Carlyle Group Inc and Advent International	Yes Bank Limited	Banking and financial services	1,100	20%
NIIF Master Fund	SP Jammu Udhampur Highway Limited	Infrastructure management	290	100%
ETS Global, Bodhi Tree, Kaizen Management Advisors, Artian Investments, Bharti Airtel's family office, Narotam Sekhsaria Family Office, The Founder Group, Temasek, IFC and IIFL	upGrad Education Private Limited	Education	210	N.A.
TPG's The Rise Fund, Norwest Venture Partners, Piramal Capital and Housing Finance Limited.	Social Worth Technologies Private Limited-EarlySalary	E-commerce	110	N.A.
Abu Dhabi Investment Authority	Aditya Birla Health Insurance Co. Limited	Banking and financial services	83	10%

Top sectors based on deal value



Top sectors based on deal volume



## Deal of the month: M&A

JSW Energy subsidiary acquires 1.75 GW renewable portfolio of Mytrah Energy for USD 1.3 billion

### Sector: Energy and natural resources

Acquirer	Target
<b>JSW Neo Energy limited</b> , a wholly owned subsidiary of JSW Energy Limited, is a vehicle formed as a part of re-organisation of business to own all the renewable/green and new energy businesses.	<b>Mytrah Energy India Private Limited</b> is a renewable independent power producer and has over 40 operational and under-development power projects across nine Indian states with an aggregate capacity of 2,000 MW. The Mytrah Portfolio consists of 10 wind special purpose vehicles (SPVs) with a generation capacity of 1,331 MW and seven solar SPVs with a generation capacity of 422 MW (487 MWp DC). The assets have a proven operational track record and long-term power purchase agreement (PPA) with an average remaining life of ~ 18 years.

### Rationale

JSW Neo Energy, a wholly owned subsidiary of JSW Energy has agreed to acquire a portfolio of 1,753 MW of renewable energy generation capacity from Mytrah Energy (India) Private Limited comprising of 17 SPVs and one ancillary SPV. Necessary definitive agreements have been signed between the parties. The transaction is subject to the approval of the Competition Commission of India (CCI) and other customary approvals standards for a transaction of this size. The transaction values the Mytrah Energy portfolio at an enterprise valuation of approximately INR 10,530 crore, after adjusting for net current assets.

This is the largest acquisition made by JSW Energy since inception and will leapfrog the current operational generation capacity by over 35% - from 4,784 MW to 6,537 MW. Moreover, with about 2,500 MW of under-construction wind and hydro projects which are likely to be commissioned in phases over the next 18-24 months, JSW Energy platform capacity gets enhanced to ~ 9.1 GW – where the share of renewables increases to ~ 65%. Further, this is likely to help the company in achieving its renewable-led capacity growth target of 10 GW by FY25, which is well ahead of the timeline.

- [jsw.in/energy/acquisition-175-gw-renewable-portfolio-mytrah-energy](https://www.jsw.in/energy/acquisition-175-gw-renewable-portfolio-mytrah-energy)
- [livemint.com/industry/banking/yes-bank-to-sell-10-stake-in-bank-to-carlyle-advent](https://www.livemint.com/industry/banking/yes-bank-to-sell-10-stake-in-bank-to-carlyle-advent)

## Deal of the month: PE

Yes Bank raises USD 1.1 billion fund from Advent, Carlyle

### Sector: Banking and financial services

Investor	Investee
<b>Carlyle</b> is a global investment that deploys private capital across global private equity, global credit and global investment solutions. With assets worth USD 376 billion under the management, Carlyle employs more than 1,900 people in 26 offices across five continents.	<b>Yes Bank Limited</b> is one of India's largest private sector banks and a leader in the digital payments space. The bank operates 1,140 branches in over 700 cities or towns across India. It also operates investment banking, merchant banking and brokerage businesses through Yes Securities.
<b>Advent International</b> is global private equity firm and has invested in over 395 PE investments across 41 countries. It has USD 75.9 billion in assets under management. With 15 offices in 12 countries, it has a globally integrated team of 270 private equity investment professionals.	

### Rationale

Yes Bank sells 10% stake each to private equity funds Carlyle and Advent International for a consideration of USD 1.1 billion (around Rs 8,900 crore) investment. Funds affiliated with Carlyle and Advent, CA Basque and Verventa Holdings, respectively, will acquire 10% stake in the bank. The lender has raised USD 640 million or INR 5,100 crore via share issue and USD 475 million or INR 3,800 crore through share warrants.

This is the second largest capital raise by a private lender in India. Yes Bank will issue 370 crore shares on a preferential basis at INR 13.78 apiece and 257 crore warrants convertible into shares at INR 14.82 per warrant.

"The capital raise will further bolster the capital adequacy of Yes Bank and aid the bank's medium to long term sustainable growth objectives. Once approved, this would be one of the largest private capital raises by an Indian private sector bank," the bank said in a statement.

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# Contact us

## NEW DELHI

National Office,  
Outer Circle, L 41,  
Connaught Circus,  
New Delhi - 110001  
T +91 11 4278 7070

## NEW DELHI

6th Floor, Worldmark 2,  
Aerocity,  
New Delhi - 110037  
T +91 11 4952 7400

## AHMEDABAD

Unit No - 603 B, 6th Floor,  
Brigade International Financial Center,  
GIFT City Gandhinagar,  
Ahmedabad - 382355  
T +91 79 6900 2600

## BENGALURU

5th Floor, 65/2, Block A,  
Bagmane Tridib, Bagmane Tech Park,  
CV Raman Nagar,  
Bengaluru - 560093  
T +91 80 4243 0700

## CHANDIGARH

B-406A, 4th Floor,  
L&T Elante Office Building,  
Industrial Area Phase I,  
Chandigarh - 160002  
T +91 172 4338 000

## CHENNAI

9th Floor, A Wing, Prestige Polygon,  
471 Anna Salai, Mylapore Division,  
Teynampet,  
Chennai - 600035  
T +91 44 4294 0000

## DEHRADUN

Suite No 2211, 2nd Floor,  
Building 2000, Michigan Avenue,  
Doon Express Business Park,  
Subhash Nagar,  
Dehradun - 248002  
T +91 135 2646 500

## GURGAON

21st Floor, DLF Square,  
Jacaranda Marg, DLF Phase II,  
Gurgaon - 122002  
T +91 124 462 8000

## HYDERABAD

Unit No - 1, 10th Floor,  
My Home Twitza, APIIC,  
Hyderabad Knowledge City,  
Hyderabad - 500081  
T +91 40 6630 8200

## KOCHI

6th Floor, Modayil Centre Point,  
Warriam Road Junction, MG Road,  
Kochi - 682016  
T +91 484 406 4541

## KOLKATA

Unit 1603&1604, EcoCentre,  
Plot no. 4, Street Number 13,  
EM Block, Sector V, Bidhannagar,  
Kolkata, West Bengal 700091  
T +91 033 4444 9300

## MUMBAI

11th Floor, Tower II,  
One International Center,  
SB Marg Prabhadevi (W),  
Mumbai - 400013  
T +91 22 6626 2600

## MUMBAI

Kaledonia, 1st Floor, C Wing,  
(Opposite J&J Office),  
Sahar Road, Andheri East,  
Mumbai - 400069  
T +91 22 6176 7800

## NOIDA

Plot No 19A, 2nd Floor,  
Sector - 16A,  
Noida - 201301  
T +91 120 485 5900

## PUNE

3rd Floor, Unit No 310-312, West  
Wing, Nyati Unitree, Nagar Road,  
Yerwada  
Pune - 411006  
T +91 20 6744 8800

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